

Message Text

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PAGE 01 PRAGUE 02482 121554Z
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C O N F I D E N T I A L PRAGUE 2482

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TAGS: ETRD, CZ
SUBJECT: CZECHOSLOVAK-U.S. ECONOMIC COUNCIL MEETING: FIRST DAY

SUMMARY: PROGRAM OF BILATERAL ECONOMIC COUNCIL PROCEEDED ON
DECIDEDLY POSITIVE TONE FIRST DAY (SEPTEMBER 11), NOTWITH-
STANDING MINOR DISONANT NOTE INJECTED BY CHIEF OF FOREIGN
MINISTRY'S SIXTH DEPARTMENT ZANTOVSKY. HIS ILL-ADVISED
REMARKS ON EAST-WEST POLITICAL SITUATION, WHICH REQUIRED
AMBASSADOR TO LEAVE PLENARY SESSION, WERE CRITICIZED BY BOTH
AMERICAN PARTICIPANTS AND EVEN SOME CZECHOSLOVAKS, WHO TURNED
OUT IN LARGE NUMBERS FOR AMBASSADOR'S DINNER PARTY. A SERIES
OF USEFUL HIGH-LEVEL MEETINGS HAVE BEEN LAID ON FOR U.S.
SECTION CHIEF LYET WITH DEPUTY PREMIER ZAHRADNIK, FOREIGN
MINISTER CHNOUPEK, TECHNOLOGY MINISTER SUPKA, AND DEPUTY
FOREIGN TRADE MINISTER JAKUBEC. END SUMMARY.

1. AFTER HOSTING EARLY U.S. ARRIVALS ON EXCURSION INTO THE
COUNTRY SATURDAY, CZECHOSLOVAK CHAMBER OF COMMERCE PRESIDENT
CERNY OPENED PLENARY SESSION IN POSITIVE WAY. WHILE
NOTING THAT BILATERAL DIFFICULTIES (E.G., LACK OF MFN),
LIMIT BILATERAL ECONOMIC RELATIONS, CERNY URGED THE
COUNCIL IN ITS EFFORTS TO DEVELOP TRADE AND WISHED IT
EVERY SUCCESS. CZECHOSLOVAK AND U.S. SECTION CHAIRMEN
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PAGE 02 PRAGUE 02482 121554Z

PINKAVA AND LYET FOLLOWED IN SIMILAR FASHION.

2. UNFORTUNATELY, THE NOISE LEVEL OF THE RECITAL BY
ZANTOVSKY, KNOWN WITHIN HIS MINISTRY AS THE MAN WHO HAS
FAILED TO RESOLVE THE US-GOC CLAIMS/GOLD PROBLEM,
EXCEEDED RITUALISTIC LIMITS. WHEN ZANTOVSKY CULMINATED
SEVERAL ANTI-U.S. CHARGES BY STATING THAT THE U.S. WAS

BRINGING INSTABILITY INTO RELATIONS IN EASTERN EUROPE, THE AMBASSADOR HAD TO LEAVE. SEVERAL U.S. BUSINESSMEN, INCLUDING CHAIRMAN LYET, LATER EXPRESSED APPROVAL OR UNDERSTANDING OF THE AMBASSADOR'S DEPARTURE, AND ONE VETERAN OF DOING BUSINESS IN EASTERN EUROPE THOUGHT THE AMBASSADOR HAD NO CHOICE BUT TO LEAVE.

3. THOUGH NONE OF THE CZECHOSLOVAK GOVERNMENT OFFICIALS AND EXECUTIVES PRESENT MINIMIZED THE SEVERITY OF OUR BILATERAL PROBLEMS, SEVERAL INDICATED PRIVATELY THAT ZANTOVSKY HAD GONE TOO FAR. A HIGH MINISTRY OF FOREIGN TRADE OFFICIAL, FOR EXAMPLE, DISMISSED ZANTOVSKY WITH A WAVE OF THE HAND AND URGED THAT WE MAKE EFFORTS TO IMPROVE THE ATMOSPHERE. ZANTOVSKY HIMSELF DID NOT SEEM CHAGRINED WHEN AN EMBOFF TOLD HIM HIS REMARKS WERE DISAPPOINTING. ZANTOVSKY OBSERVED, INCIDENTALLY, THAT HE HAD NOT READ DAS LUERS'S TESTIMONY BEFORE ADDRESSING THE PLENARY.

4. AMBASSADOR'S DINNER FOUND ALL CONCERNED IN NOTABLY MELLOW FORM AGAIN. IT WAS ATTENDED BY ABOUT 120, SLIGHTLY MORE THAN EXPECTED (MAJORITY CZECHOSLOVAKS), INCLUDING DEPUTY FOREIGN TRADE MINISTER JAKUBEC, CERNY, ZANTOVSKY, PINKAVA, AND ALL THE RIGHT PEOPLE.

5. AFTER THE PLENARY, THE COUNCIL MEMBERS SEPARATED INTO CONFIDENTIAL

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PAGE 03 PRAGUE 02482 121554Z

WORKING GROUPS, WHICH ARE CONTINUING PRODUCTIVE DISCUSSIONS INTO THE SECOND DAY. JOINT EVALUATION OF THE WORKING GROUPS' ACCOMPLISHMENTS WILL HAVE AN INFLUENCE ON WHAT LEVEL AND FREQUENCY OF MEETINGS TO MAINTAIN NEXT YEAR. COUNCIL MEMBERS WITHIN BOTH SIDES ARE DIVIDED OVER WHETHER TO REDUCE, MAINTAIN, OR AS SOME ADVOCATE, EVEN EXPAND THE PRESENT PROGRAM.

6. WE SHALL REPORT IN SUBSEQUENT SEPTELS HIGHLIGHTS OF LYET'S TALKS WITH TECHNOLOGY MINISTER SUPKA, FOREIGN MINISTER CHNOUPEK, DEPUTY PREMIER ZAHRADNIK, AND JAKUBEC. BYRNE

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